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# **U.S. Engagement in Central Asia and the Caucasus: Staying Our Course Along the Silk Road**

**By**

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## **Acknowledgements**

We have colleagues waiting to go into Iraq to launch a new relationship between the U.S. and Iraq. We have other United States Agency for International Development (USAID) colleagues, members of Disaster Assistance Response Teams (DART) already in Um Qasr and Basra to survey the humanitarian situation. My specific goal this evening is to discuss where we are and where we want to go in our relations with the countries of Central Asia and the Caucasus.

## **Opening**

In recent months much of the world’s attention has understandably been focused on the trans-Atlantic relationship, and the differences that emerged with some of our European friends and allies over Iraq. What has received relatively less attention has been the steadfast support the United States has received from a number of countries in the former Soviet Union. Clearly, one of the reasons we enjoy such a close and supportive relationship is our intense engagement, through diplomacy and foreign assistance, during their difficult transitions from Communism toward democratic political systems and market economies.

The United States has important interests in Central Asia and the Caucasus beyond supporting the transition of formerly Communist countries. After September 11, 2001, global interests such as combating terrorism, weapons proliferation, and trafficking in narcotics and other illicit goods also came to the fore. Despite the relatively small overall Department of State budget, we have undertaken some effective policies and programs in the region. We are successful because we work closely with a number of partners, such as non-governmental organizations, international financial institutions, and other U.S. government agencies. I want to highlight how our political engagement and assistance directly support our national interests. I also want to give concrete examples of how our assistance actually works.

## **Strategic Importance**

It is no coincidence that the Caspian region has been on the edge of recent international conflicts. History shows that the Silk Road was not only a trade route but also a strategic bridge for Alexander’s armies, the Mongols, the Moghuls, the Ottoman empire and more recently the Soviet empire. Today, it is a region surrounded by key competitors for energy and for military and ideological power Turkey, Russia, China, Iran and India.

Our disengagement from Afghanistan in the 1980s taught us a harsh lesson, one that we do not want to repeat in other countries. We learned that we must engage the region’s governments and people to promote long-term stability and prevent a security vacuum that provides opportunities for extremism and external intervention. This is particularly true in Georgia, Uzbekistan, Kyrgyzstan and Tajikistan, where terrorist groups have threatened our own national interests.

In contrast to Afghanistan and Iraq, we engaged in Central Asia and the Caucasus well before the situation reached a crisis. We were among the first countries to open diplomatic missions in Central Asia and the Caucasus after the collapse of the Soviet Union. We have a continuing

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interest in stopping the transborder movement of terrorist groups, weapons of mass destruction and other weapons traffic, illegal drugs, and trafficked persons. We have an interest in resolving and, where possible, preventing violent conflicts that threaten regional stability. And we also have an interest in seeing all countries of the region become democratic, market-oriented states, the best long-term guarantee of regional stability and of positive, mutually beneficial relations.

Finally, the Soviet legacy of weapons of mass destruction, weapons infrastructure and expertise remains a critical United States security interest in the region. Our assistance continues to be targeted at the detection, deterrence, interdiction, control and reduction of the vast Soviet military arsenal, with its widely dispersed sources of weapons of mass destruction and weapons of mass destruction expertise. To address this, in 2002 we spent \$958 million on assistance in Central Asia and the Caucasus to build civil society, promote political and economic change, and combat terrorism. This is a bargain, given the radical reform we are striving for in these countries. Though our plan is complex and multifaceted, our vision for this region is simple:

That these nations remain independent, and become democratic, stable, and prosperous partners of the United States.

### **Our Successes**

United States assistance programs and policy engagement have generated demonstrable progress in this region. These steps are now discernable, and in some countries, contrast with stalled reforms in the period immediately after independence. We have worked closely with reform-minded leaders, journalists, non-government organizations activists, and we have persevered remembering our pledge to be in this for the long haul. Let me illustrate some success stories and some places where we clearly have more work to do. I have brought handouts on our programs in each of these sectors.

### **Civil Society**

In every state in the region, we are helping carve out a role for non-government organizations, independent media outlets, and democratic political parties where none existed ten years ago. We are working with several local partners, non-government organizations, civil society organizations, and journalists to help build democracy from the grassroots up. Under repressive conditions, such as those existing in Turkmenistan, these efforts are mostly aimed at keeping alive hope for long-term change. In other countries, though, civil society is increasingly able to act as a real counterweight to arbitrary government behavior. We saw examples of this in Kyrgyzstan, where non-government organization pressure led to revocation of a presidential decree limiting freedom of the press. In Tajikistan, the government approved the application of Radio One, the first non-state-run station in Dushanbe, Tajikistan. Also in Tajikistan, the government has registered new political parties, simplified political party registration, and made it easier for civil society non-government organizations to register, leading to an explosion in their numbers.

### **Security**

Programs to target cross-border threats provided to Uzbekistan under the Export Control and Related Border Security programs have helped the Uzbeks to interdict several shipments of weapons of mass destruction material transiting their border. Similarly, substantial United States support for a U.N. drug control program in Tajikistan enabled authorities there to seize record quantities of Afghan heroin on its way to Russia and Europe. Additional support has made it possible for our United States Drug Enforcement Administration to set up the first “vetted” counter-narcotics unit in Central Asia, in Uzbekistan. In addition, we have expanded our security assistance cooperation to enhance interoperability of many of these states with U.S. and coalition forces.

In Georgia, we began the Train and Equip Program (GTEP) in 2002 to enhance Georgia’s abilities to control its territory and to fight terrorism. This assistance helped create, train and equip four combat infantry battalions and one mechanized company to defend Georgia against potential

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terrorist threats in the Pankisi Gorge. The Georgia Train and Equip Program graduated its first class of trained infantry in December 2002 and the Red Bridge border guard station opened in March 2003.

As each day passes, the countries of Central Asia and the Caucasus are becoming better equipped, better trained and better coordinated with one another to deal with transnational threats. Our Embassies in the region are among our smaller posts, but they all take very seriously the threats that come from drug trafficking and the destabilizing activities associated with that trade.

### **Human Rights**

The issue of human rights has been the toughest nut to crack. For example, Uzbekistan has serious problems. Since September 2001, however, because of our persistent and consistent diplomatic engagement, we have seen important progress. This included the release in the December 2002 annual amnesty of 923 political prisoners, International Red Cross access to Uzbek prisons, the first-ever registration of two local human rights non-government organizations, the abolition of prior censorship of the media, and the acknowledgement by the government of the problem of torture following the visit by the U.N. Special Rapporteur on Torture. Much remains to be done, but we must recognize that these are real achievements.

### **Economic Reform**

Economic reforms have really started to take hold in Kyrgyzstan, a country that has been working closely with the international financial community. Its economic situation remains precarious, due largely to its isolation and lack of marketable natural resources. But it has achieved six straight years of growth and some reductions in poverty as a result of courageous economic decisions. The International Monetary Fund recently approved a major initiative to combat poverty, and the Paris Club restructured Kyrgyzstan's enormous debt. The Kyrgyz Republic was the first former Soviet republic to join the World Trade Organization. A very successful micro-enterprise program that we fund in Kyrgyzstan provides employment for hundreds of poor women, many of whom are the sole breadwinners for their families and are excellent businesswomen by anyone's standards.

In some countries, agribusiness development programs help increase farmers income through marketing and export strategies. In Armenia, the Market Assistance Program (MAP), works directly with fifty-five agribusinesses and twenty-five farmer associations. These agribusinesses employ about 3,000 people and buy raw products from over 18,000 farmers. With the Market Assistance Program, twelve dairy processors have already sold ninety tons of cheese in export markets. That means that 2,000 farmers now receive cash for the milk they produce for cheese, if they can meet associations' quality standards.

In Georgia, micro-finance programs benefited 60,000 borrowers last year; approximately 75 percent were women. Partner financial institutions have established models of successful lending by providing a range of innovative loan products to micro, small and medium-sized businesses and by maintaining a near 98 percent repayment rate. Our assistance has made these successes possible. These are real steps forward.

### **Energy**

Some states in the Caspian region are fortunate to have abundant oil and gas resources. But because the region is land-locked, developing these resources and getting them to world markets has been a formidable challenge. Recognizing the pivotal nature of the transport issue for the political independence and economic viability of these countries, we have vigorously supported the political development of an East-West Energy Corridor. This includes the Caspian Pipeline Consortium, which is taking oil from Tengiz in Kazakhstan to Novorossiysk in Russia. The Baku-Tbilisi-Ceyhan oil pipeline is now under construction and will start operating in 2005. The South Caucasus gas pipeline, built parallel to the Baku-Tbilisi-Ceyhan oil pipeline, will ship gas from the off-shore Shah Deniz field to central Turkey beginning in 2006. Together, these projects

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strengthen the Caspian countries, promote regional integration and contribute to global energy security by diversifying supply sources.

### **The Roots of Extremism**

This is perhaps the clearest example where our diplomacy and assistance programs need to work hand-in-glove. In Central Asia, poor economic and social conditions are contributing to the appeal of extremist Islam in the volatile Ferghana Valley. We seek to head off conflict by improving infrastructure, creating employment opportunities, and helping develop and strengthen civil society. We are creating jobs through marketing assistance and establishing credit for agricultural processors. We are maintaining a high level of student and professional exchanges. In addition, we hope to expand highly successful pilot health reform projects, including the establishment of private medical clinics that are not dependent on the central system. These clinics will have an insurance co-payment system, primary care physician training, and management of their own funds. We have put our money where our mouth is. While admittedly foreign aid can never substitute for the political will of the parties involved to find peaceful solutions to their conflicts, we can do a great deal to support countries recovering from conflict and to address the social, economic, and political conditions that sow the seeds of conflict. We do not want another Afghanistan.

### **Anti-Corruption**

Our battle against corruption throughout the region has begun to reap rewards. For example, the United States and the Kyrgyz government addressed corruption in academia where Communist party or government influence used to determine admission to universities. At the request of the Kyrgyz Ministry of Education, we developed and funded the first nation-wide testing program for university scholarships. In June 2002, the National Merit Scholarship Test was administered in three languages, Kyrgyz, Uzbek and Russian, to over 14,000 high school seniors. Nowhere else in the former Soviet Union do students receive university scholarships solely on merit. This is a remarkable achievement and has opened opportunities for young people.

### **Education and Exchanges**

We have funded a whole range of educational programs, such as the Fulbright and Hubert Humphrey academic exchanges. We helped found universities for instance, the American University of Central Asia in Bishkek and promoted institutional linkages with American universities. Our assistance also focuses on secondary education. The Future Leaders Exchange (FLEX) Program was established in 1992 for high school students from Eurasia to experience life in a democratic society. Since 1993, more than 11,000 students from twelve Eurasian countries, including all the Central Asian ones, have participated. Imagine how important this is for long-term change in Central Asia!

### **Continuing Challenges**

While we have achieved a number of successes, we still have much more to do.

- **Political Pluralism**

A thriving opposition is a problem in all the countries in the region. This has been evident even in two of the most successful countries in carrying out reforms: Kazakhstan and Kyrgyzstan. Kazakhstan has selectively charged and convicted key opposition leaders for corruption and intimidated independent media outlets and journalists associated with the political opposition. Kyrgyzstan's imprisonment of an opposition parliamentarian led to violence and great instability and recent constitutional changes have tended to concentrate even more power in the hands of the executive. We are working closely with both these governments to turn around these negative trends.

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- Elections

The Caucasus needs more democratic reform. Although civil society in all three countries Georgia, Armenia and Azerbaijan has advanced, recent Presidential elections in Armenia did not meet Organization for Security and Cooperation in Europe or other international democratic standards. Other recent elections in Georgia and Azerbaijan also fell short of international standards. We are working diligently to promote democratic practices ahead of the remaining important elections scheduled over the next several years.

- Human Rights

There are serious human rights problems throughout the countries in Central Asia and the Caucasus. For example, in Turkmenistan, we have witnessed a sharp crackdown on the political opposition and society in general since the attack on President Niyazov's motorcade in November. The Government of Turkmenistan arrested a number of political opponents of President Niyazov, all of whom he alleges were involved in the plot. The Turkmen government did not allow an independent observer from the Organization for Security and Cooperation in Europe to visit Turkmenistan to investigate claims of human rights violations, including torture, associated with this crackdown. Despite this bleak picture, we firmly believe that change will come in Turkmenistan. We will not abandon the Turkmen people.

### **A Commitment to Future Engagement**

We are committed to long-term engagement in the countries of Central Asia and the Caucasus through both diplomacy and assistance. Counterterrorism will remain a prominent and integrated element of our assistance. We plan to put more resources into counter-narcotics and law enforcement cooperation across the region, where porous borders and weak law enforcement have created significant opportunities for terrorists and those trafficking in illicit weapons and drugs. We will never forget, however, that human rights, political freedoms and economic opportunity, must be an integrated part of this security assistance. Both factors, tightening up on law enforcement and maintaining human rights standards, must remain an integral part of our assistance.

We have also greatly increased our ability to hack away at terrorist financial flows and money laundering. We provide assistance to draft the necessary laws and regulations, and give technical advice to financial intelligence units and bank regulators throughout the region. These programs do not cost a lot and they may not be especially sexy, but they do have a potentially huge payoff.

### **Conclusion**

We are proud of what our policies and assistance are accomplishing in Central Asia and the Caucasus. There have been positive developments, and there have been setbacks. It is critical that we undertake honest assessments of the setbacks, so that we learn from them and understand what remains to be done. The important thing is that we stay the course to achieve stability, prosperity, and democratic reform, it will take dedication and persistence.

The United States is wholly committed to intensive engagement and dialogue with each of the nations of this pivotal region of the world. To fulfill this commitment, we must have all the diplomatic and financial tools necessary to permit us to do so. If we do not use all of these tools, we risk failure.

There are those who would argue that some of these countries in the region, because of their human rights or corruption records, deserve to be sanctioned or that we should turn our back on them until they learn to behave. I do not deny that there are problems, but legislatively imposed sanctions are not the answer. Sanctions do not ensure that countries will fall in line.

In fact, experience has shown otherwise. We have witnessed firsthand how sanctions undercut our ability to engage countries and generate leverage for positive change. For example, in Azerbaijan, Section 907 of the *Freedom Support Act* broadly prohibited most assistance to the

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Government of Azerbaijan for military, security or intelligence purposes, significantly inhibiting needed cooperation. With the President's waiver of Section 907 in January 2002, we are now able to help Azerbaijan's border security to prevent terrorist infiltration and exfiltration, and enhance our intelligence and law enforcement cooperation.

We cannot risk our engagement in Central Asia or the Caucasus through sanctions. We must use the full arsenal of diplomatic tools at all levels to ensure a stable and prosperous region. To bring about change, we must remain engaged. Change will not happen overnight. The Soviet Union was very effective at isolating the Central Asian and Caucasus states from the influences of democracy and market economics. We want to make clear to the millions of people of Central Asia that we are committed to helping them create the stable, prosperous and open societies that they seek.

A stable, prosperous Central Asia and the Caucasus will mean a more secure world for the American people and a more prosperous future for the people of the region. I want to reaffirm in the strongest terms the United States long-term commitment to intensive engagement in this important region of the world. Engagement results in a classic win-win situation for everyone. This is attainable and we will continue to strive for it.